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July 19, 2004

T.R.A. DOCKET ROOM  
Tennessee Regulatory Authority  
Telecommunications Division  
460 James Robertson Parkway  
Nashville, TN 37243-0505

DOCKET NO.

04-00216

PAID T.R.A.

Chk # 8097  
Amount 25.00  
Rcvd By AK  
Date 7-21-04

RE. CPCNA application for Quality Telephone, Inc

The following is the application for Quality Telephone, Inc for CTA in the state of Tennessee, additionally a \$25 check is enclosed Quality Telephone, Inc is seeking Authority to operate at a UNE and resale provider of telecommunications service in the State of Tennessee.

Attached are one original and 13 copies of the following information.

#### Questions and Answers

#### Exhibits:

- Exhibit A - Not used.
- Exhibit B - Articles of Incorporation
- Exhibit C - Authority to transact business in Tennessee.
- Exhibit D - Names and Address of Principal Officers
- Exhibit E - Resumes of the Company Leadership.
- Exhibit F - Company Financials
- Exhibit G - Cash Flow Model for the next 36 months.
- Exhibit H - Secured Letter of Credit.
- Exhibit I - Small & Minority-Owned Telecommunications Business Participation plan
- Exhibit J - Toll Dialing Party Party.
- Exhibit K - Notice of application to the state ILECs.
- Exhibit J - Number Issue
- Exhibit M - Tennessee Specific Operation Issues.
- Exhibit N - Sworn Pre-filed testimony

The Quality Telephone, Inc Tariff for the state of Tennessee

Please feel free to call with any question

Thank you

Frank McGovern  
President

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN THE MATTER OF THE APPLICATION  
OF Quality Telephone, Inc. FOR A CERTIFICATE  
TO PROVIDE COMPETING LOCAL  
TELECOMMUNICATION SERVICES

APPLICATION FOR CERTIFICATE TO PROVIDE  
COMPETING LOCAL TELECOMMUNICATIONS SERVICES

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), Quality Telephone, Inc. respectfully requests that the Tennessee Regulatory Authority ("TRA") grant to Quality Telephone, Inc. authority to provide competing local telecommunications services, including exchange access telecommunications, within the state of Tennessee. Quality Telephone, Inc. is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services. TCA 65-4-201

In support of its Application, Quality Telephone, Inc. submits the following:

1. The full name and address of the Applicant is.

Quality Telephone, Inc.  
301 North Market Street #400  
Dallas, Texas 75202

214-746-6363 ph  
214-821-0343 fx

Questions regarding this application should be directed to:

Frank McGovern  
301 North Market Street #400  
Dallas, Texas 75202

214-746-6363 ph  
214-821-0343 fx  
FmcGovern@Qtelephone.com

2. Organizational Chart of Corporate Structure: Including any pertinent acquisition or merger information

Quality Telephone, Inc. is Texas Corporation with no parent companies and no subsidiaries.

**3. Corporate Information**

Quality Telephone, Inc. was incorporated in Texas in August of 1998. A copy of Quality Telephone, Inc. Articles of Incorporation and Amendments are provided in **Exhibit B**. A copy of Quality Telephone, Inc. Authority to transact business in the state of Tennessee is provided in **Exhibit C**. The names and address of the principal corporate officers are in **Exhibit D**. There are no officers in Tennessee. The resumes of the principal officers and other key technical staff are in **Exhibit E**.

**4. Quality Telephone, Inc. possesses the managerial, technical, and financial ability to provide telecommunications services in the State of Tennessee as demonstrated below:**

**A. Financial Ability**

Quality Telephone, Inc. has the financial resources to provide telecommunications service in Tennessee. In support of its financial qualifications, Quality Telephone, Inc. submits the end of Second Quarter 2004 financials and well as a current statement from Wachovia stating the company has in excess of \$100,000 in a money market account in **Exhibit F**.

Quality Telephone, Inc. is a focused telecommunications serving primarily residential customers in 22 states and Canadian provinces. The company grew 153% in 2003 with over 3,500 access lines.

The company has numerous financial vehicles in place to ensure adequate liquidity in meeting anticipated funding needs. The investors of the company are willing to lend the company additional funds if needed.

Currently all financial projections are cash flow positive for the state of Tennessee, and all financial obligations for the state will be met.

**Exhibit G** is cash flow model for the next 36 months. Quality Telephone, Inc.'s projected financials reflect any revenue or expenses associated with reciprocal compensation.

**Exhibit H** has the company letter of credit is available in

**B. Managerial Ability**

As shown in **Exhibit E** to this Application, Quality Telephone, Inc. has the managerial expertise to successfully operate a telecommunications enterprise in Tennessee. As described in the attached resumes information, Quality Telephone, Inc. management team has extensive management and business experience in telecommunications.

### **C. Technical Qualifications**

Quality Telephone, Inc. services will satisfy the minimum standards established by the TRA. The company will file and maintain tariffs in the manner prescribed by the TRA and will meet minimum basic local standards, including quality of service and billing standards required of all LEC.s regulated by the TRA. Quality Telephone, Inc. will not require customers to purchase CPE , which cannot be used with the Incumbent Local Exchange Carrier's systems. As noted in the resumes **Exhibit E** of the principal offices the staff is fully qualified to manage a resold telecommunications and limited facilities bases (UNE-P) telecommunications services.

### **5. Proposed Service Area**

Quality Telephone, Inc. proposes to offer its services throughout the State of Tennessee with through the resale or UNE-P The company proposes to offer service through out the state but will focus on Memphis, Nashville, Knoxville, and Chattanooga, which are areas currently being serviced by Bell South and Sprint/United and are open to competition. Quality Telephone, Inc. currently has active contracts in other states with Bell South, Sprint/United and Citizens.

Quality Telephone, Inc. intends to offer telecommunications services through resold facilities and through UNE-P facilities. Quality Telephone, Inc. will not have any physical equipment in the state of Tennessee.

Quality Telephone, Inc. is already authorized to provide service in

Washington (State)	Texas
Oregon	Indiana
California	Florida
Nevada	New Jersey
Arizona	New York
Rhode Island	Maryland
Massachusetts	Pennsylvania
Oklahoma	Arkansas

Canada - British Columbia, Alberta, Manitoba, Ontario, and Quebec

### **6. Types of Local Exchange Service to be provided:**

Quality Telephone, Inc. expects to offer local exchange services, primarily to residential customers in Tennessee.

7. **Repair and Maintenance:**

Quality Telephone, Inc. understands the importance of effective customer service for local service customers. Quality Telephone, Inc. has made arrangements for its customers to call the company at its toll-free customer service number 800-527-3233. In addition, customers may contact the company in writing at the headquarters address, as well as via email to [customers@qtelephone.com](mailto:customers@qtelephone.com). The toll free number will be printed on the customer's monthly billing statements. The Tennessee contact knowledgeable about operations is Frank McGovern.

Grant of the Application will further the goals of the Tennessee Legislatures and the further the public interest by expanding the availability of competitive telecommunications services in the State of Tennessee. In addition, intrastate offerings of these services is in the public interest because the services will provide to Tennessee customers increased efficiencies and cost savings. Authorizing Quality Telephone, Inc. to provide local exchange telecommunications services will enhance materially the telecommunications infrastructure in the State of Tennessee and will facilitate economic development.

In particular, the public will benefit both directly, through the use of the competitive services to be offered by Quality Telephone, Inc. and indirectly, because Quality Telephone, Inc.'s presence in Tennessee will increase the incentives for other telecommunications providers to offer better value to customers. Grant of this Application will further enhance the service options available to Tennessee citizens for the reasons set forth above.

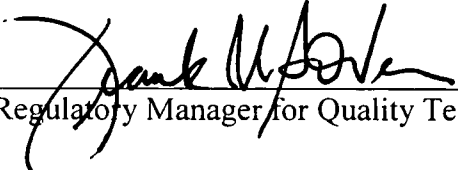
8. **Small and Minority-Owned Telecommunications Business Participation Plan (65-5-212) Exhibit I**
9. **Toll Dialing Party Parity: Exhibit J**
10. **Applicant has served notice of the application to the eighteen (18) incumbent local exchange telephone companies in Tennessee with a statement regarding the companies intention of operating geographic. See Exhibit K for the list.**
11. **Number Issue:** statement provided in **Exhibit L**
12. **Tennessee Specific Operation Issues.** Statement provided in **Exhibit M.**
13. **Miscellaneous**

- A. Sworn Pre-filed testimony: **Exhibit N**
- B Applicant does not require customer deposits
- C. As of now Quality Telephone, Inc has not been subject to complaints in any of the states, in which we are doing business
- D. A copy of our tariff is enclosed

**Conclusion:**

Quality Telephone, Inc. respectfully request that the TRA enter on order granting it a certificate of convenience and necessity to operate as a competing telecommunications service provider and authority to provide a full range of local exchange on a UNE-P and resale basis throughout the State of Tennessee in the service areas of Bell South, Verizon, Sprint and any other ILEC that does enjoy a rural exemption under Section 251(f) of the Telecommunications Act of 1996. For the reasons stated above, Quality Telephone, Inc.'s provision of these services would promote the public interest by providing high-quality service at competitive prices and by crating greater economic incentives for the development and improvement for all competing providers.

Respectfully submitted this the 12<sup>th</sup> day of December, 2003

  
\_\_\_\_\_  
Regulatory Manager for Quality Telephone, Inc.

# Appendix of Exhibits

- Exhibit A - Not used
- Exhibit B - Articles of Incorporation
- Exhibit C - Authority to transact business in Tennessee
- Exhibit D - Names and Address of Principal Officers
- Exhibit E - Resumes of the Company Leadership
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## **Exhibit B**

### **Articles of Incorporation**



Corporations Section  
P.O.Box 13697  
Austin, Texas 78711-3697



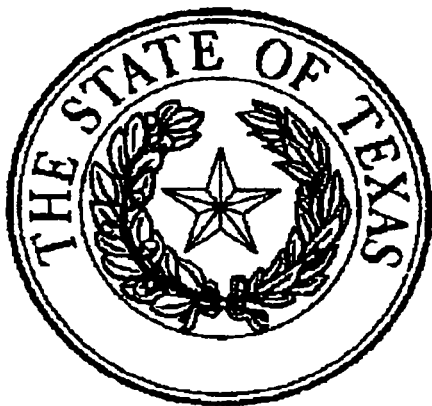
Gwyn Shea  
Secretary of State

## Office of the Secretary of State

The undersigned, as Secretary of State of Texas, does hereby certify that the document, Articles Of Incorporation for QUALITY TELEPHONE INC. (filing number: 149455200), a Domestic Business Corporation, was filed in this office on June 24, 1998.

It is further certified that the entity status in Texas is active.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on July 30, 2003.



A handwritten signature in cursive script that reads "Gwyn Shea".

Gwyn Shea  
Secretary of State

PHONE(512) 463-5555  
Powered by: Ramoth Medfield

Come visit us on the internet at <http://www.sos.state.tx.us/>  
FAX(512) 463-5709

TTY7-1-1

Corporations Section  
P.O.Box 13697  
Austin, Texas 78711-3697



Geoffrey S. Connor  
Secretary of State

## Office of the Secretary of State

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It is further certified that the entity status in Texas is active.

In testimony whereof, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in Austin, Texas on November 05, 2003.



  
Geoffrey S. Connor  
Secretary of State

PHONE(512) 463-5555  
Prepared by: Beverly Mayfield

Come visit us on the internet at <http://www.sos.state.tx.us/>  
FAX(512) 463-5709

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FILED  
In the Office of the  
Secretary of State of Texas

JUN 24 1998

Corporations Section

TEXAS ARTICLES OF INCORPORATION  
OF A BUSINESS CORPORATION

The undersigned, being of the age 18 or older, files these articles of incorporation pursuant to article 3.02 of the Texas Business Corporation Act.


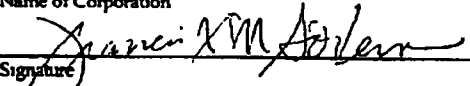
- 1 The name of the corporation: Quality Telephone Inc
- 2 The period of duration: perpetual.
- 3 The purpose of this corporation is the transaction of any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act.
- 4 The corporation is authorized to issue ten thousand (10,000) shares of stock. The par value is one cent (\$.01) per share.
- 5 The corporation will not commence business until it has received for the issuance of its shares consideration of the value of a stated sum which shall be at least one thousand dollars (\$1,000), consisting of money, labor done, or property actually received.
- 6 The street address of the registered office is: 1424 W Price Rd , Suite 121, Brownsville, TX 78520. The name of the registered agent located at such address is: Business Filings Incorporated
- 7 The names and addresses of the initial directors are:  
Frank McGovern, 5623 Reiger, Dallas, TX 75214
- 8 The name and address of the incorporator:  
Richard A Oster, Business Filings, 214 N. Henry Street, Suite 201, Madison, WI 53703.

  
Richard A. Oster

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## **Exhibit C**

### **Authority to transact business in Tennessee**

 <b>State of Tennessee</b> Department of State Corporations Section 312 Eighth Avenue North 6th Floor, William R. Snodgrass Tower Nashville, TN 37243	4131312 1013121 <b>APPLICATION FOR          CERTIFICATE OF AUTHORITY          (FOR PROFIT)</b>	For Office Use Only
To the Secretary of State of the State of Tennessee Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:		
1. The name of the corporation is <u>Quality Telephone Inc</u>		
*If different, the name under which the certificate of authority is to be obtained is _____		
(NOTES: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. *If obtaining a certificate of authority under a different corporate name, an application for registration of an assumed corporate name must be filed pursuant to Section 48-14-101(d) with an additional \$20.00 fee.)		
2. The state or country under whose law it is incorporated is <u>Texas</u>		
3. The date of its incorporation is <u>6/24/98</u> (must be month, day, and year), and the period of duration, if other than perpetual, is _____		
4. The complete street address (including zip code) of its principal office is <u>301 N. Market, Ste. 400, Dallas, Texas 75202</u> Street City State/Country Zip Code		
5. The complete street address (including the county and the zip code) of its registered office in Tennessee and the name of its registered agent is <u>1900 Church St., Suite 400, Nashville, Tennessee 37203</u> Street City County Zip Code <u>Business Filings Incorporated</u> Registered Agent		
6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary) <u>Francis X. McGovern, President, 5623 Reiger, Dallas, TX 75214</u> <u>Francis X. McGovern, Vice President, 5623 Reiger, Dallas, TX 75214</u> <u>Francis X. McGovern, Secretary, 5623 Reiger, Dallas, TX 75214</u> <u>John S. Darrah, Treasurer, 3731 Gilbert, Dallas, TX 75214</u>		
7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.) <u>Frank McGovern, 5623 Reiger, Dallas, Texas 75214</u>		
8. If the corporation commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) _____		
9. The corporation is a corporation for profit.		
10. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is _____ (date), _____ (time). (NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.)		
(NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.)		
7/25/03 Signature Date <u>President</u> Signer's Capacity	Quality Telephone Inc Name of Corporation  Signature <u>Francis X. McGovern</u> Name (typed or printed)	
SS-4431 (Rev 3/99) <span style="float: right;">RDA 1678</span>		

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 RILEY D. RYAN  
 SECRETARY OF STATE

## **Exhibit D**

### **Names and Address of Principal Officers**

**Francis X. McGovern**

President

301 No. Market Street #400

Dallas, Texas 75202

214-746-6363

**James J. Houghtalin**

Vice President

301 No. Market Street #400

Dallas, Texas 75202

214-746-6363

**Christine M. Robison**

Secretary & Treasure

301 No. Market Street #400

Dallas, Texas 75202

214-746-6363

## **Exhibit E**

### **Resumes of the Company Leadership**

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# Frank McGovern

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## **President**

**Qtel, Inc.**

Sr Vice President of Qtel, Inc a switchless CLEC (Competitive Local Exchange Carrier) providing local residential telephone service Taking advantage of the Telecom Deregulation Act, Qtel was a pioneer offering residential pre-paid home telephone service

## **Manager – New Product Development**

**GTE / Verizon**

Responsible for profit and loss, project management and all aspects of bringing new lines of business into the market place, including all market research, marketing, direct marketing, sales, distribution, operations, network design and finances Brought five new product lines to GTE with a combined 5 year financial projections of \$160 million Mercer Consulting cited GTE as having the best New Product Development Organization in the Telecom industry

## **Staff Manager – Corporate Strategy**

**GTE / Verizon**

Responsible for multiple projects determining the future direction of GTE's Residential local phone service Projects included the coordination of the 1992 1993 and 1994 consumer market plan followed by GTE's Residential Local Organization Plans included the development of the long term retail outlet plan, creation of the strategy for residential data, evaluation of the on-line market place, definition and co-development the business plan for a directory assistance product

## **Staff Specialist – New Services Regulatory**

**GTE / Verizon**

Developed regulatory support and strategies for business consumer and government products Products included Centrex, CLASS, and E-911 Testified before State Public Utility Commissions

## **Engineering & Operations Positions**

**General Electric April '86 to Sept '89**

### **Engineering Manager**

**GE Mexican Operations – C C Acuna, Mexico**

Directed 4 engineers and 12 technicians for start up of a 400 person new factory in Mexico

### **Department Supervision**

**GE Automotive Lighting – Memphis TN**

Supervised 87 employees in the production of 2 million light bulbs daily Initiated a project leading 3 engineers to save \$175,000 Improved the production process by 4%

### **Quality Engineer**

**GE Power Systems – Fitchburg, MA**

Supervised 7 employees on 3 shifts for the receipt of incoming components Managed volume growth increasing from 40 to 80 million dollars without increasing employees

### **Project Engineer**

**GE Power Systems – Lynn, MA**

Supervised 15 employees to establish a new warehouse Moved \$12 million dollars of production to a new facility Integrated 10,00 parts into a new inventory system

### **Computer System Specialist**

**GE Aerospace Systems – Utica, NY**

Designed a PC Based computer network for over 600 PCs Wrote the front-end code, user's manual and system documentation Trained employees in the software

## **Engineering Aid**

**Raytheon - Bedford, MA**

Developed diagnostic test code for several stages of the Patriot Missile

## **EDUCATION**

**MBA - Marketing**

**University of Texas, at Austin**

**MS - Mechanical Engineering**

**University of Texas, at Austin**

**BS - Industrial Engineering and Operations Research**

**University of Mass , at Amherst**



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# John Darrah

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## **Vice President**

## **Quality Telephone**

Executive Management of all day-to-day operational issues for Quality Telephone, a switchless CLEC providing local residential telephone service. Designed and implemented an easy to use call center computer application which provides for a single interface for call center operators to all communication companies. This system allows Qtel to provide superior customer service, customer account tracking, accurate information transfer to communications providers, accurate billing, short new employee training times and a higher ratio of customers to call center operators.

## **Operations Manager**

## **EZCOM**

Developed business strategy that resulted in the growth from a small two store operation to the largest independent retail outlet in the Arizona, which resulted in a ten fold increase in revenue. Designed and developed computer application unique in the industry. Provide communication product and service evaluation and technical interface with communication providers.

## **Director Customer Contact Systems**

## **Tandem Computers**

Responsible for all Tandem Computer's Americas Telecommunications Teams covering operator services, information delivery and customer contact systems. Additional responsibilities include the establishment of alternative channels of distribution, evaluating new potential Alliance Partners and the development of product migration strategies.

## **Senior Account Manager for NYNEX**

## **Tandem Computers**

Responsible for Tandem's entry into the Operator Services segment of the Telco market. Competed in a marketplace dominated by IBM and CCI. Enhanced Volt Delta's Directory Assistance System offering and provided all Intercept System offerings design and responses in RFP resulting in a 50M+ revenue for Tandem and Volt Delta at NYNEX. The impact of NYNEX's decision on other Telcos now makes Tandem a major force in this marketplace.

Set sales strategy for AIN, Yellow Pages, EDA, CNA, Image, Voice, Fax, SS7 Billing, SS7 Fraud, SS7 Call Management System, Video on Demand, etc with Tandem Partners Volt Delta, Anderson Consulting, Texas Instruments, NTI.

## **Western Regional Manager**

## **VoiceTek**

Established opportunities in Western Region (CA, CO, WA, AZ and Australia) where no significant business existed. Established Remarketing Agreement for Voicetek products by Tandem Computers by leveraging business relationships at USWest, PacBell, Bell Atlantic, NYNEX and MCI. Worked with Tandem to develop strategy for Tandem's Enhanced Services Platform for implementation both in and outside of the Telco Central Office.

## **Regional Director, Eastern Sales**

## **Computer Consoles Inc**

Responsible for Bell Atlantic and MCI. One of top three producers for Computer Consoles Inc (CCI) averaging more than 15 million annually in sales to the communications industry. Responsible for CCI's entry into the Intelligent Network business and successfully sold such products a Virtual Private Network, Calling Card Validation and 800 Service. These services included the integration of switching systems (NTI and AT&T), computer systems (SCP, SMS, AP) and working with or planning for CCS7, ISDN, STP, IP etc implementation. Successfully competed against IBM, AT&T, Northern Telecom, Tandem, Stratus and DEC.

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# James J. Houghtalin

---

## **Sr. VP Operations**

**Quality Telephone, Dallas, TX**

Responsible for Customer Service and Support, Billing, ILEC interfaces, Purchasing, Information Services Lead planning and execution of the back office operations including customer support, operating software, database system design, financial tracking (accounts receivable, payment postings, and bank transactions), an LEC interfaces

## **VP, Administrative Services**

**Maxim Technologies, Inc., Dallas, TX**

Directly responsible for all aspects of Human Resources, Information Technology, Administration and Procurement Other responsibilities include real estate (owned and leased), divestitures of business lines and assets, vendor contract negotiation and review, telecom (voice and data), and data extraction and manipulation for executive level use Position was dissolved by the sale of the company

## **Director of Administrative Services**

**Maxim Technologies, Inc., Dallas, TX**

Directly responsible for all aspects of Administration, Information Technology and Procurement Implementation of an accounting decentralization program from concept to design, training and implementation Program was completed in first quarter 1999 Program reduced corporate staff by 20 positions without adding staff to operations Restructured a \$75 Million Y2k budget resulting in complete timely success with a total cost of \$10,000 Program was achieved through testing and implementation of logically cost effective systems while increasing the effectiveness of existing systems Program included migrating from various software platforms to Microsoft's platform including Outlook/Exchange email system

## **Director of Administrative Services**

**PSI, INC., Lombard, IL**

Responsible for the development and reorganization of a corporate-wide purchasing department Develop, implement and maintain administrative programs Telecom Program Negotiate and implement corporate-wide telecom program Creation of an interactive access database to track all numbers, calling cards and associated equipment Reduction in cost \$1.5 million over contract life Managed Fleet Management for over 1,200 vehicles Managed Travel Department, and Office Supply and Equipment and the Purchasing Department Managed a staff of six agents and assistants for all corporate purchases of vehicles, sub-surface drilling rigs, computer hardware and software, office equipment, testing equipment, all printed company materials, etc

## **Department Manager**

**PSI, INC., Tampa, FL**

Directly responsible for financial stability of a \$1.5 Million operation located in and all aspects of the department Maintained 25% profit margin during position meet critical time requirements

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# John Darrah

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## **President**

## **Quality Telephone**

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# Rebecca Rhoades-Herrera

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## **Information Technology Manager**

**Quality Telephone Inc., Dallas, TX**

Key member in all aspects of the development of Quality Telephone, specializing in developing the operating system, interfaces with LEC, and distribution interfaces. Planned and managed the back office software for customer support, distribution interfaces, operation, billing, data base system design, financial tracking (accounts receivable, payment postings, and bank transactions), and LEC interfaces.

## **Manager of Information Technologies**

**Maxim Technologies, Dallas, TX**

Managed all aspects of IT projects for Maxim Technologies, a 110 million dollar per year oil and constructions operations. Purchased and managed all hardware and telecommunications equipment for the Maxim. Upgraded and replaced the entire Data and Voice system and infrastructure for Maxim. Developed, implemented and monitored IT policies and procedures.

Brought the company through government and client certification for Y2K compliance. Y2K budget was \$500,000 and delivered solutions for under \$16,000. Implemented a system to continually like the Maxim headquarters with 73 field offices. Through negotiations, reconfigurations, and routing changes save over \$750,000 in Telecommunications expenses.

## **Network Analyst**

**CURA Environmental, Dallas, TX**

Provided administrative and maintenance support for the Banyan Vines File server. Supported all company PC workstation users and the End User Computing department. Primary duties for this COBOL and FOCUS programming department included budget forecasting and compilation, corporate client billing, regulatory records control of testing and procedures data, QA and testing of COBOL and FOCUS software changes, client training management, and word processing. Additional duties included assisting programmers in testing and correcting programs to meet critical time requirements.

## **Network Analyst**

**J.C. Penney, Plano, TX**

Set software and coding for multiple hardware and software applications through out the JC Penney's world headquarters. Setup forms and other administrative applications. Supported and assisted in the operation of graphics and type setting equipment for publication applications.

## **EDUCATION**

**Bachelor of Science - Management Information Systems**  
**Associates Degree - Information Systems**

**Richland College**  
**Collin County Community College**

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# Joan Parker

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## **Customer Support Lead**

**Quality Telephone Inc., Dallas, TX**

Key member in all aspects of the development of Quality Telephone, specializing in leading, coaching and growing the customer support team. Managing team to ensure customer satisfaction in the area of order processing, billing, customer support, collections and general sales.

## **Business Customer Relations Manager**

**Southwestern Bell, Dallas, TX**

Team leads for a team of ten employees processing CLEC and Reseller orders through Southwestern Bell's Wholesale order group. Worked with POTS, Business Voice, Data and Trunk lines for AT&T, Time Warner and Alltel. Ensured operation complied with all PUC orders and requirements. Worked with LENS, X and X resale systems. Resolved customer issues, maintained weekly conference calls to ensure a high degree of intracompany communications. Worked with others to identify and implement programs to improve customer satisfaction and quicker response times. Built a report with other intercompany departments to create faster response times and meet team goals.

## **Customer Service Team Member**

**PrimeCo (Verizon), Westlake, TX**

Supported Pre-Paid Wireless customers with Primeco. Supported customer questions regarding billing, activation, coverage, phone operations, and other technical questions. Work to ensure a high degree of customer satisfaction.

## **Order Processing Lead**

**Transtar Communications, Bedford, TX**

Interfaced with Southwestern Bell and Verizon/GTE to process and complete Residential and Business orders. Trained new employees on EASE and other processing programs worked with and developed newly hired employees to ensure proper production of orders. Responsible for all aspects of customer orders, accuracy, timeliness and follow through.

---

# Christine M. Robison

---

## **Field Manager**

**Quality Telephone, Inc.**

Responsible for Distribution, Advertising and I-LEC Relations for Central states for Quality Telephone Managing over 600 distribution locations in three states, California, Nevada and Arizona Managed the regional start and the strong growth of the service and area

## **Financial Coordinator**

**Legal Services of Southeastern Michigan, Inc.**

Responsible for a wide variety of areas including monthly and year-end reporting of financial status to budget in order to make proper adjustments Maintenance of General Ledger Revenue/Expense reports and Balance Sheet Coordinating and completing annual audit with accounting consultants Submitting monthly and quarterly grant financial reports Purchasing, Accounts Payable, Grants Receivable Payroll and Personal, including salary and hourly payroll, monthly and quarterly taxes, benefit and employee policy administration Legal Services, a non-profit legal firm, has an annual budget of \$1 8 million

## **Distribution Manager – Michigan**

**Frito Lay, Inc.,**

Responsible for 100% service to sales through a 3 shift shipping operation Accountabilities included managing an operating budget of over \$4 million annually including supplies, equipment, support staff and shift supervisors Setting, communicating and meeting department goals and reporting on period performance

Managed 15 Receiving, 15 Utility employees and one Administrator and all incoming materials worth over \$3 million annually Accountable for department financial and budget forecasts Instituted performance measures to improve labor costs 30% and reduce carton inventory from 2 1/2 to 1 weeks, a \$150,000 annual impact

## **Financial Coordinator – New York and New England**

**Frito Lay, Inc.,**

Responsible for tracking plant operating budget of \$90 million Managed and developed support team of 5 administrators including Payroll, Purchasing, Accounts Payable, Accounts Receivable and General Administration Accountable for the review and publishing of period financial information Enhanced cost tracking systems to project earnings and expenditures to provide more accurate period and yearend forecasts Trained, coached and challenged site management to take ownership of appropriate accounts Dealt with a wide variety of vendors to gain best price and committed service

## **Operations Supervisor – Killingsly, CT**

**Frito Lay, Inc.,**

Responsible for achieving 100% service to sales through proper scheduling and crewing while striving to achieve quality and cost goals in a safe manner Managed implementation of ICS ( computerized Inventory Controls System) to achieve 100 % production reconciliation and increased labor efficiency Managed and coached crews up to 30 employees

---

# David M. Sanchez

---

## **New Ventures Manager**

**Qtel Inc., Dallas, TX**

Key member in all aspects of the development of Qtel, a CLEC (Competitive Local Exchange Carrier) company offering residential local service in nine states. Planned and managed the back office operations including customer support, operating software, database system design, financial tracking (accounts receivable, payment postings, and bank transactions), an LEC interfaces. Supervised Customer support, billing process flows, and data entry clerks. Project Lead for Qtel's entry into the Internet, potential long distance offerings, and e-commerce.

## **Senior Activations Analyst -**

**Affiliated Computer Systems, Dallas, TX**

Supervised Activations Department for a Long Distance Communications client which included both a professional analysis staff and a clerical / junior analysis staff. Primary duties included error identification, resolution, and procedural development. Tracked new customer information to ensure data was not compromised by system processes, software problems, or customer input failure. Researched system problems utilizing flowcharting processes and worked closely with programmers to meet production requirements. Tested new systems to ensure user and functionality goals were met. Developed training and procedures manuals for new and existing systems.

## **Senior Production Control Analyst**

**Excel Telecommunications, Dallas, TX**

Responsible for inspecting and testing all MIS products before they were sent to internal and external recipients. Along with one other associate, we trained and developed a 20-person staff in all aspects related to the quality of MIS Products. Jointly, we created positions and trained staff in Job Control, Agent Commissions, Customer Billing, New Customer processes, Customer Correspondence, and special situations. Interacted closely with internal customers and programming staff to determine causes of system and hardware problems and provided workable solutions. Coordinated the setting up of numerous remote facilities as well as moving multiple departments to new facilities.

## **Financial Analyst**

**MBNA Information Services, Dallas, TX**

Provided administrative support and financial analysis to the End User Computing department. Primary duties for this COBOL and FOCUS programming department included budget forecasting and compilation, corporate client billing, regulatory records control of testing and procedures data, QA and testing of COBOL and FOCUS software changes, client training management, and word processing. Additional duties included assisting programmers in testing and correcting programs to meet critical time requirements.

## **Operations Analyst**

**NationsBank, Dallas, TX**

Examined operations budget of \$11 million for five regional account research departments. Analyzed variances and explained significant changes. Prepared budget forecasts. Reviewed and explained month-end financial results. Conducted analytical studies of issues and recommended policy and procedures. Key member of the Quality Action Team utilizing management and organizational skills to reduce Proof Operator input errors for Dallas Operations. Supervised the Electronic Service HomeBanking Department. Member of the team which pioneered computer banking to customers.

## **Exhibit F**

### **Balance Sheet of the Company**



9:26 AM  
07/19/04  
Cash Basis

Quality Telephone Inc.  
**Balance Sheet**  
As of June 30, 2004

	Jun 30, 04
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Payroll Expenses	115 30
1001 · First Union Checking	32,483 55
1002 · Wells Fargo Checking	21,759 75
1005 · First Union Money Market	86,609 39
1006 · B of A Checking	9,559 20
1007 · B or A CD	20,000 00
1008 · B of A Savings	17,557 77
Total Checking/Savings	188,084 96
Other Current Assets	
1009 Verizon - Credits - NJ	18,339 01
1350 · Loan to Officers	80,000 00
2120 · Payroll Asset	-52 00
Total Other Current Assets	98,287 01
Total Current Assets	286,371 97
Fixed Assets	
1500 · Computer Equipment	18,307 73
1501 Accum. Depreciation	-9,252 33
1517 · Software & Software Dev	4,106 50
Total Fixed Assets	13,161 90
Other Assets	
1600 Credits	14,509 16
Total Other Assets	14,509 16
<b>TOTAL ASSETS</b>	<b>314,043.03</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100 Payroll Liabilities	
2105 Parking Employee Contribution	100 00
Total 2100 · Payroll Liabilities	100 00
2150 Tax Payable / Texas	-11 50
Total Other Current Liabilities	88 50
Total Current Liabilities	88 50
Long Term Liabilities	
2551 · Note Payable to Lucy McGovern	5,300 00
2553 Notes Payable to Mike McGovern	-2,000 00
Total Long Term Liabilities	3,300 00
Total Liabilities	3,388 50
Equity	
3000 · Opening Bal Equity	11,259 43
3900 · Retained Earnings	-27,652 51
Net Income	327,047 61
Total Equity	310,654 53
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>314,043 03</b>

3:10 PM  
07/20/04  
Cash Basis

**Quality Telephone Inc.**  
**Profit & Loss**  
**January through June 2004**

	<u>Jan - Jun 04</u>
<b>Income</b>	
4000 · Customer Payments	1,031,867 42
4500 · Remittances	34,701 81
4999 · Uncategorized Income	131 00
5001 · Interest Inc	201 02
<b>Total Income</b>	<u>1,066,901 25</u>
<b>Expense</b>	
Charity	85 00
2140 · State Taxes	101 16
5000 · Telephone - Wholesale	421,658 45
5100 · Customer Refund	3,377 54
6000 · Wages and Salaries	195,907 04
6500 · Commission	3,400 00
6700 · Contract Labor	48,218 91
6999 · Uncategorized Expenses	418 91
7010 · Accounting	375 00
7016 · Legal-Prof Fees	1,052 70
7020 · Bank Charge	-267 23
7021 · Interest Expense	-39 08
7030 · Process Customer Payment	29,377 69
7500 · Advertising	24,069 63
7600 · Telephone - Usage	22,832 09
7900 · Travel Expenses	15,581 10
8000 · Auto	4,863 62
8040 · Office Space	2,670 25
8050 · Office	21,986 00
8060 · Postage and Delivery	16,212 52
8070 · Regulatory State Fees	7,601 51
8075 · Regulatory Lawyers	2,166 20
8076 · Industry Organizational Dues	2,500 00
8080 · Tax, Business	2,846 02
8100 · Utilities	1,623 81
8700 · HR Issues	1,234 80
<b>Total Expense</b>	<u>829,853 64</u>
<b>Net Income</b>	<u><u>237,047.61</u></u>

## **Exhibit G**

### **Cash Flow Model for the next 36 months**

## *Projections for Quality Telephone - Summary*

	Year 1	Year 2	Year 3
<b>Total Revenues</b>			
Revenue - Base	38,499	87,829	130,881
Revenue - New	17,997	25,196	35,994
Total Revenue	56,496	113,025	166,875
<b>Costs</b>			
New Customer Costs	23,346	32,684	46,692
Monthly Costs of an Existing customers	13,988	31,912	47,554
Total Costs	37,334	64,596	94,246
EBIT	19,161	48,429	72,629

# Year 1 Projections for Quality Telephone

	Year 1 Month 1	Year 1 Month 2	Year 1 Month 3	Year 1 Month 4	Year 1 Month 5	Year 1 Month 6	Year 1 Month 7	Year 1 Month 8	Year 1 Month 9	Year 1 Month 10	Year 1 Month 11	Year 1 Month 12
<b>New Customers</b>	25	25	25	25	25	25	25	25	25	25	25	25
Revenue - Base	39 99	999 75	999 75	999 75	999 75	999 75	999 75	999 75	999 75	999 75	999 75	999 75
Revenue - Setup	20	500	500	500	500	500	500	500	500	500	500	500
New customer revenue	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75	1499 75
<b>Total Existing Customers</b>												
Previous Month	25	25	47	66	82	96	109	120	129	137	145	151
Retention Rate	87%	22	41	57	71	84	95	104	112	120	126	131
Monthly Revenues	39 99	869 78	1626 49	2284 83	2857 59	3355 88	3789 40	4166 56	4494 69	4780 16	5028 52	5244 60
Total Revenues	1499 75	2369 53	3126 24	3784 58	4357 34	4855 63	5289 15	5666 31	5994 44	6279 91	6528 27	6744 35

<b>Costs</b>												
New customers	25	25	25	25	25	25	25	25	25	25	25	25
Customer COGS	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00
Customer Overhead	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82
Cost of new customers	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50	1945 50
Existing Customers												
Customer COGS	22	41	57	71	84	95	104	112	120	126	131	131
Customer Overhead	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53
Monthly Costs of an Existing customers	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93
	316 03	590 97	830 17	1038 28	1219 33	1376 84	1513 88	1633 10	1736 83	1827 07	1905 58	1905 58
Total Revenue	1499 75	2369 53	3126 24	3784 58	4357 34	4855 63	5289 15	5666 31	5994 44	6279 91	6528 27	6744 35
Total Expense	1945 50	2261 53	2536 47	2775 67	2983 78	3164 83	3322 34	3459 38	3578 60	3682 33	3772 57	3851 08
Net Revenue	-445 75	108 01	589 77	1008 91	1373 56	1690 80	1966 81	2206 93	2415 84	2597 58	2755 71	2893 27
Cumulative Revenue	-445 75	-337 74	252 03	1260 94	2634 49	4325 30	6292 10	8499 03	10914 87	13512 45	16268 16	19161 43

<b>Revenues</b>	
First Month	\$39 99
Set Up Charge	\$20 00
Monthly	\$39 99

<b>Monthly Costs</b>	
Phone Service from Bell South	14 53
Labor and Support ( 14 min X 9 00 )	2 10
Billing	0 83
Distribution	3 50
Overhead	1 50
Total	22 46

<b>New Set Up Costs</b>	
Phone Service from Bell South	80
Labor ( 30 min X \$9 00/hr )	4 5
Distribution Cost	\$6
Toll Free Number ( 22 minutes x \$0 60	\$1 32
Advertising / Marketing Costs	18
Total First Month Costs	109 82

# Year 2 Projections for Quality Telephone

	Previous Year	Year 2											
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>New Customers</b>		35	35	35	35	35	35	35	35	35	35	35	35
Revenue - Base		1399 65	1399 65	1399 65	1399 65	1399 65	1399 65	1399 65	1399 65	1399 65	1399 65	1399 65	1399 65
Revenue - Setup		700	700	700	700	700	700	700	700	700	700	700	700
New customer revenue		2099 65	2099 65	2099 65	2099 65	2099 65	2099 65	2099 65	2099 65	2099 65	2099 65	2099 65	2099 65
<b>Total Existing Customers</b>													
Previous Month		156	171	184	195	204	213	220	227	232	237	241	245
Retention Rate	87%	136	149	160	169	178	185	192	197	202	206	210	213
Monthly Revenues	39 99	5432 58	5944 04	6389 01	6776 14	7112 93	7405 95	7660 87	7882 65	8075 60	8243 47	8389 51	8516 57
<b>Total Revenues</b>		7532 23	8043 69	8488 66	8875 79	9212 58	9505 60	9760 52	9982 30	10175 25	10343 12	10489 16	10616 22

<b>Costs</b>													
<b>New customers</b>		35	35	35	35	35	35	35	35	35	35	35	35
Customer COGS		48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00
Customer Overhead		29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82
Cost of new customers		2723 70	2723 70	2723 70	2723 70	2723 70	2723 70	2723 70	2723 70	2723 70	2723 70	2723 70	2723 70
<b>Existing Customers</b>		136	149	160	169	178	185	192	197	202	206	210	213
Customer COGS		14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53
Customer Overhead		7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93
Monthly Costs of an Existing customers		1973 88	2159 71	2321 39	2462 05	2584 42	2690 88	2783 51	2864 09	2934 20	2995 19	3048 25	3094 42
<b>Total Revenue</b>		7532 23	8043 69	8488 66	8875 79	9212 58	9505 60	9760 52	9982 30	10175 25	10343 12	10489 16	10616 22
<b>Total Expense</b>		4697 58	4883 41	5045 09	5185 75	5308 12	5414 58	5507 21	5587 79	5657 90	5718 89	5771 95	5818 12
<b>Net Revenue</b>		2834 65	3160 28	3443 57	3690 04	3904 46	4091 01	4253 31	4394 51	4517 36	4624 23	4717 21	4798 10
<b>Cumulative Revenue</b>		2834 65	5994 93	9438 51	13128 55	17033 01	21124 03	25377 34	29771 85	34289 21	38913 44	43630 65	48428 76

<b>Monthly Costs</b>		14 53	2 10	0 83	3 50	1 50	7 93
COGS from Bell South							
Labor and Support ( 14 min X 9 00 )							
Billing							
Distribution							
Overhead							
<b>Total Overhead</b>							

<b>New Set Up Costs</b>		48	4 5	6	\$1 32	18	29 82
COGS from Bell South							
Labor ( 30 min X \$9 00/hr )							
Distribution Cost							
Toll Free Number ( 22 minutes x \$0 60							
Advertising / Marketing Costs							
<b>Total First Month Costs</b>							

<b>Revenues</b>		\$39 99	\$20 00	\$39 99
First Month				
Set Up Charge				
Monthly				

# Year 3 Projections for Quality Telephone

	Year 3 Month 1	Year 3 Month 2	Year 3 Month 3	Year 3 Month 4	Year 3 Month 5	Year 3 Month 6	Year 3 Month 7	Year 3 Month 8	Year 3 Month 9	Year 3 Month 10	Year 3 Month 11	Year 3 Month 12
<b>New Customers</b>	50	50	50	50	50	50	50	50	50	50	50	50
Revenue - Base	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5	1999 5
Revenue - Setup	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
New customer revenue	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5	2999 5
<b>Total Existing Customers</b>												
Previous Month	248	266	281	295	306	317	325	333	340	346	351	355
Retention Rate	87%	216	231	245	267	275	283	290	296	301	305	309
Monthly Revenues	39 99	8627 11	9245 15	9782 85	10250 64	10657 63	11011 70	11587 74	11820 90	12023 75	12200 23	12353 76
Total Revenues	11626 61	12244 65	12782 35	13250 14	13657 13	14011 20	14319 24	14587 24	14820 40	15023 25	15199 73	15353 26

<b>Costs</b>												
New customers	50	50	50	50	50	50	50	50	50	50	50	50
New Customer Costs	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00	48 00
Cost of new customers	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82	29 82
	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00	3891 00
Existing Customers												
Monthly Costs	216	231	245	256	267	275	283	290	296	301	305	309
Monthly Costs of an Existing customers	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53	14 53
	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93	7 93
	3134 58	3359 14	3554 51	3724 48	3872 35	4001 00	4112 92	4210 30	4295 02	4368 72	4432 84	4488 63
Total Revenue	11626 61	12244 65	12782 35	13250 14	13657 13	14011 20	14319 24	14587 24	14820 40	15023 25	15199 73	15353 26
Total Expense	7025 58	7250 14	7445 51	7615 48	7763 35	7892 00	8003 92	8101 30	8186 02	8259 72	8323 84	8379 63
Net Revenue	4601 03	4994 51	5336 84	5634 67	5893 77	6119 20	6315 32	6485 94	6634 38	6763 53	6875 89	6973 64
Cumulative Revenue	4601 03	9595 54	14932 38	20567 05	26460 83	32580 03	38895 34	45381 29	52015 67	58779 20	65655 08	72628 72

<b>Monthly Costs</b>	
Phone Service from Bell South	14 53
Labor and Support ( 14 min X 9 00 )	2 10
Billing	0 83
Distribution	3 50
Overhead	1 50
Total	22 46

<b>New Set Up Costs</b>	
Phone Service from Bell South	80
Labor ( 30 min X \$9 00/hr )	4 5
Distribution Cost	\$6
Toll Free Number ( 22 minutes x \$0 60	\$1 32
Advertising / Marketing Costs	18
Total First Month Costs	109 82

<b>Revenues</b>	
First Month	\$39 99
Set Up Charge	\$20 00
Monthly	\$39 99

## **Exhibit H**

### **Secured Letter of Credit Information**





PAGE 1

DATE. MAY 5, 2004

IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER 3062756

BENEFICIARY  
TENNESSEE REGULATORY AUTHORITY  
460 JAMES ROBERTSON PARKWAY  
NASHVILLE, TN 37243-0505  
ATTN PATSY FUNTON

APPLICANT  
QUALITY TELEPHONE INC  
301 NORTH MARKET  
FOURTH FLOOR  
DALLAS, TX 75002

AMOUNT  
NOT EXCEEDING USD 20,000 00  
NOT EXCEEDING TWENTY THOUSAND AND  
00/100'S US DOLLARS

EXPIRATION  
MARCH 24, 2005 AT OUR COUNTERS

FOR REFERENCE ONLY RE . COMPANY ID# \_\_\_\_\_ AS ASSIGNED BY THE TRA  
SIR/MADAM

BANK OF AMERICA, N A. (THE "LENDER") HEREBY ESTABLISHES AN  
IRREVOCABLE LETTER OF CREDIT WHICH WILL REMAIN AVAILABLE ON BEHALF OF  
QUALITY TELEPHONE INC (THE "COMPANY") WHO, WE ARE INFORMED, HAS  
APPLIED TO THE TENNESSEE REGULATORY AUTHORITY (THE "TRA") FOR  
AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN THE STATE OF  
TENNESSEE WE UNDERSTAND THE PURPOSE OF THIS LETTER OF CREDIT IS TO  
SECURE PAYMENT OF ANY MONETARY SANCTION IMPOSED AGAINST THE COMPANY  
IN ANY ENFORCEMENT PROCEEDING BROUGHT UNDER TITLE 65 OF TENNESSEE  
CODE ANNOTATED OR THE CONSUMER TELEMARKETING ACT OF 1990, BY OR ON  
BEHALF OF THE TRA

WE HEREBY ESTABLISH AND ISSUE, IN FAVOR OF THE TRA, AN IRREVOCABLE  
LETTER OF CREDIT IN THE AMOUNT OF TWENTY THOUSAND DOLLARS  
(\$20,000 00) LAWFUL MONEY OF THE UNITED STATES OF AMERICA THE TRA  
MAY DRAW UPON THIS LETTER OF CREDIT, AT ANY TIME AND FROM TIME TO  
TIME, BY DELIVERING A "LETTER OF CREDIT NOTICE", IN THE FORM SET  
FORTH AS ATTACHED (A "NOTICE"), WHICH NOTICE SHALL SPECIFY THE AMOUNT  
(THE "DRAW AMOUNT") TO BE DRAWN AND THE BANK ACCOUNT (THE "BANK  
ACCOUNT") TO WHICH THE DRAW AMOUNT SHOULD BE DELIVERED AND SHALL BE  
PURPORTEDLY SIGNED BY AN OFFICIAL DESIGNATED AND DULY AUTHORIZED BY  
THE TRA TO LENDER AT THE ADDRESS LISTED BELOW PROMPTLY AFTER THE  
DELIVERY OF EACH NOTICE, THE LENDER HEREBY COVENANTS AND AGREES TO  
DELIVER, BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS THE DRAW  
AMOUNT TO THE BANK ACCOUNT

THIS LETTER OF CREDIT SHALL BE DEEMED AUTOMATICALLY RENEWED WITHOUT  
AMENDMENT FOR SUCCESSIVE ONE (1) YEAR PERIODS AND MAY BE CANCELED BY  
THE LENDER BY GIVING AT LEAST THIRTY (30) DAYS ADVANCED WRITTEN  
NOTICE BY CERTIFIED MAIL OR OVERNIGHT COURIER SERVICE OF SUCH  
CANCELLATION TO THE TRA AND A COPY TO THE COMPANY, IT BEING  
UNDERSTOOD THAT THE LENDER SHALL NOT BE RELIEVED OF LIABILITY THAT  
MAY HAVE ACCRUED UNDER THIS LETTER OF CREDIT PRIOR TO THE DATE OF  
CANCELLATION

THE LENDER HEREBY REPRESENTS AND WARRANTS THAT IT IS QUALIFIED AND  
AUTHORIZED TO ISSUE THIS LETTER OF CREDIT

THIS LETTER OF CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE  
FOR DOCUMENTARY CREDITS (1993 REVISION), INTERNATIONAL CHAMBER OF  
COMMERCE PUBLICATION NO 500 OR ANY REVISIONS THERETO

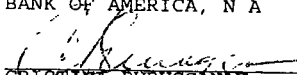
ORIGINAL

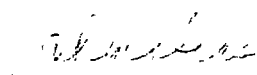
**Bank of America** 

PAGE 2

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER 3062756

BANK OF AMERICA, N A

  
CRISTINA PURUGGANAN  
AUTHORIZED OFFICER

  
ANNIE MATTIAS  
AUTHORIZED OFFICER

ADDRESS OF LENDER  
333 S. BEAUDRY AVENUE, 19TH FLOOR  
M/C CA9-703-19-23  
LOS ANGELES, CA 90017

ORIGINAL

THIS IS AN INTEGRAL PART OF LETTER OF CREDIT NUMBER 3062756

FORM OF  
LETTER OF CREDIT NOTICE

QUOTE

BANK OF AMERICA, N A  
333 S BEAUDRY AVENUE, 19TH FLOOR  
MAIL CODE. CA9-703-19-23  
LOS ANGELES, CA 90017

RE IRREVOCABLE LETTER OF CREDIT NO 3062756

DEAR SIR OR MADAM:

YOU ARE HEREBY NOTIFIED, AND THE UNDERSIGNED HEREBY CERTIFIES, THAT THE UNDERSIGNED IS A PURPORTED OFFICIAL DESIGNATED AND DULY AUTHORIZED BY THE TRA TO DELIVER THIS NOTICE AND THAT A MONETARY SANCTION IN THE AMOUNT OF \$ \_\_\_\_\_ (THE "DRAW AMOUNT") HAS BEEN IMPOSED AGAINST GLOBAL CONNECTION INC OF AMERICA IN AN ENFORCEMENT PROCEEDING BROUGHT UNDER TITLE 65 OF TENNESSEE CODE ANNOTATED OR THE CONSUMER TELEMARKETING ACT OF 1990, BY OR ON BEHALF OF THE TRA

PURSUANT TO THAT CERTAIN IRREVOCABLE LETTER OF CREDIT REFERENCED ABOVE, WE HEREBY REQUEST THAT YOU DELIVER PAYMENT OF THE DRAW AMOUNT TO THE BANK ACCOUNT LISTED BELOW BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS.

NAME OF BANK ACCOUNT \_\_\_\_\_  
ACCOUNT NUMBER \_\_\_\_\_  
ABA ROUTING NUMBER \_\_\_\_\_  
REFERENCE \_\_\_\_\_  
NAME OF CONTACT \_\_\_\_\_  
TELEPHONE NUMBER \_\_\_\_\_  
FACSIMILE NUMBER \_\_\_\_\_

SINCERELY,

TENNESSEE REGULATORY AUTHORITY

NAME \_\_\_\_\_  
TITLE \_\_\_\_\_  
UNQUOTE

ORIGINAL

## **Exhibit I**

# **Small & Minority-Owned Telecommunications Business Participation Plan**

**QUALITY TELEPHONE, INC**

**SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS**  
**PARTICIPATION PLAN**

Pursuant to T.C.A. §65-5-212, as amended, Quality Telephone, Inc. ("QTEL") submits this small and minority-owned Telecommunications business participation plan (the "Plan") along with its Application for Certificate of Public Convenience and Necessity to provide competing intrastate and local exchange services in Tennessee.

#### **I. PURPOSE**

The purpose of §65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. QTEL is committed to the goals of §65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. QTEL will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, QTEL will make efforts to identify and inform minority-owned and small businesses that are qualified and capable of providing goods and services to QTEL of such opportunities. QTEL's representatives have already contacted the Department of Economic and Community Development, the administrator of the small and minority-owned Telecommunications assistance program, to obtain a list of qualified vendors. Moreover, QTEL will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

## II. DEFINITIONS

As defined in §65-5-212.

*Minority-Owned Business* Minority-owned business shall mean a business which is solely owned, or at least fifty-one percent (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

*Small Business* Small Business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

## III. ADMINISTRATION

QTEL's Plan will be overseen and administered by the individual names below, hereinafter referred to as the *Administrator*, who will be responsible for carrying out and promoting QTEL's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

James J Houghtalin  
Quality Telephone, Inc.  
301 N Market Ste 400  
Dallas TX 75202  
Telephone: 214-746-6363  
Facsimile: 214-821-0343

The Administrator's responsibilities will include

(1) Maintaining an updated Plan in full compliance with §65-5-212 and the rules and orders of the Tennessee Regulatory Authority

(2) Establishing and developing policies and procedures necessary for the successful implementation of the Plan.

(3) Preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.

(4) Serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in 65-2-212.

(5) Searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.

(6) Providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.

(7) Establishing a record-keeping system to track qualified small and minority-owned businesses and efforts to use such businesses

(8) Providing information and educational activities to persons within QTEL and training such persons to seek out, encourage, and promote the use of small and minority-owned businesses.

In performance of these duties, the Administrator will utilize a number of resources, including:

Chambers of Commerce  
The Tennessee Department of Economic and Community Development  
The United States Department of Commerce  
    Small Business Administration  
    Office of Minority Business  
The National Minority Supplier Development Counsel  
The National Association of Women Business Owners  
The National Association of Minority Contractors  
Historically Black Colleges, Universities, and Minority Institutions

The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above.

Additional efforts to provide opportunities to small and minority-owned businesses will include offering, where appropriate and feasible, small and minority-owned businesses assistance with technical, insurance, bonding, licensing, production, and deadline requirements.

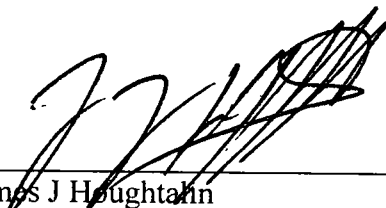


#### IV. RECORDS AND COMPLIANCE REPORTS

QTEL will maintain records of qualified small and minority-owned business and efforts to use the goods and services of such businesses. In addition, QTEL will maintain records of educational and training activities conducted or attended and of the internal procurement procedures adopted to support this plan

QTEL will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, QTEL will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority

Quality Telephone, Inc

By:   
James J Houghtain  
Vice President

Dated. January 10, 2004

## **Exhibit J**

### **Toll Dialing Party Parity**

**INTRALATA TOLL DIALING PARITY PLAN  
For Quality Telephone, Inc.**

The following is the Intralata Toll Dialing Parity Plan for Quality Telephone, Inc.

1. The plan shall commence at the approval of the CPCNA for Quality Telephone, Inc. in the State of Tennessee. This is estimated to be September 15, 2004.
2. All exchanges in the state of Tennessee will be covered by the plan.
3. Customers will be automatically not be assigned an intralata toll pic. The field will be left to none until a customer chooses otherwise. Customers will choose the pic of their choice; customer will be separately by the toll carrier.
4. Customers will not automatically be assigned the Quality Telephone, Inc. PIC. Customers will be assigned "none" unless otherwise stated or informed.
5. Quality Telephone, Inc. will use the 2-PIC method of PIC choice for the customer.
6. Customer education on intraLata Toll Dialing choices will
7. This plan will apply to all customers in all Latas in the state of Tennessee.
8. PIC change charges will comply with rules of the TRA. Customer may choose the intraLata PIC of choice during the initial sign up. Subsequent changes will be charge at \$5.00 change charge.
9. Customers must notify Quality Telephone, Inc. directly of any PIC changes for intralata toll
10. Quality Telephone, Inc. will utilize the network of Bell South and others through either direct resale or UNE-P resale, therefore access to telephone numbers will follow the nondiscriminatory actions of Bell South
11. Quality Telephone, Inc. will comply with all rules of the FCC and the TRA.

## **Exhibit K**

### **Notice of application to the state ILECs**

**SAMPLE**

**SAMPLE**

The Local ILEC in Tennessee

To Whom It May Concern:

Quality Telephone, Inc. will be submitting an application for CC

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), Quality Telephone, Inc. will be requesting that the Tennessee Regulatory Authority ("TRA") grant to Quality Telephone, Inc. authority to provide competing local telecommunications services, including exchange access telecommunications, within the state of Tennessee. Quality Telephone, Inc. is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services. TCA 65-4-201.

Quality Telephone, Inc. will be primarily resale and UNE-P and will not have any equipment in the state of Tennessee.

The full name and address of the Applicant is:

Quality Telephone, Inc.  
301 North Market Street #400  
Dallas, Texas 75202

214-746-6363 ph  
214-821-0343 fx

Questions regarding this application should be directed to:

Frank McGovern  
301 North Market Street #400  
Dallas, Texas 75202

214-746-6363 ph  
214-821-0343 fx  
[FMcGovern@Qtelephone.com](mailto:FMcGovern@Qtelephone.com)

Sincerely,

Frank McGovern

## **Exhibit J**

### **Number Issue**

# NUMBERING ISSUES

Please provide answers to the following questions concerning numbering within your proposed service area.

**1. What is your company's expected demand for NXXs per NPA within a year of approval of your applications?**

Quality Telephone, Inc. will rely on the ILEC for individual telephone numbers through resold and UNE-P services. The company will service all areas of Tennessee. Demand in the first year is expected to be under 200 numbers state wide. No new NXXs will be required.

**2. How many NXXs do you estimate that you will request from NANPA when you establish your service footprint?**

Demand in the first year is expected to be under 200 numbers state wide. No new NXXs will be required.

**3. When and in what NPA do you expect to establish your service footprint?**

The company will service all areas of Tennessee. Demand in the first year is expected to be under 200 numbers state wide.

**4. Will the company sequentially assign telephone numbers within NXXs?**

Quality Telephone, Inc. will be relying on the ILEC for NPA-NXXs through resold and UNE-P services. The company will rely on the method of telephone number assignment of the ILEC.

**5. What measures does the company intend to take to conserve Tennessee numbering resources?**

Quality Telephone, Inc. will be relying on the ILEC for NPA-NXXs through resold and UNE-P services. The company will rely on the method of telephone number assignment of the ILEC.

**6. When ordering new NXXs for growth what percentage fill of existing NXX does the company use to determine when request for new NXX will be initiated?**

The company will service all areas of Tennessee. Demand in the first year is expected to be under 200 numbers state wide.

## **Exhibit M**

### **Tennessee Specific Operation Issues.**



## **TENNESSEE SPECIFIC OPERATIONAL ISSUES**

Please provide answers to the following questions concerning Tennessee Specific Operational Issues.

**1.) How does the company intend to comply with TCA 65-21-114? In its description, please explain technically how the company will not bill for countrywide calls within Tennessee.**

The company will not be billing for intraLata calling.

**2.) Is the company aware of the Tennessee Country Wide Calling database maintained by Bell South and the procedures to enter your telephone numbers on the database?**

Yes the company is aware of the database. The company will be obtaining numbers from the ILEC and will on the ILEC for the maintenance of the database.

**3.) Is your company aware of the local calling areas provided by the Incumbent Local Exchange Carriers in your proposed service areas?**

Yes, and the company will follow the same local calling plans.

**4.) Explain the procedures that will be implemented to assure that your customers will not be billed long distance charges for calls within the metro calling areas.**

The company will not be billing for metro nor intraLATA calls.

**5.) Please provide the name and telephone number an employee of your company that will be responsible to work with the TRA on resolving customer complaints.**

Frank McGovern  
214-746-6363 or 800-527-3233

**6.) Does the company intent to telemarket its services in Tennessee? If yes, is the company aware of the telemarketing states and regulations found in TCA 65-4-401 and chapter 1220-4-11?**

No the company will not be telemarketing in the state of Tennessee.

## **Exhibit N**

### **Sworn Pre-filed testimony**

# **SWORN PRE-FILED TESTIMONY**

## **BEFORE THE TENNESSEE REGULATORY AUTHORITY NASHVILLE, TENNESSEE**

### **APPLICATION OF Quality Telephone, Inc. FOR A CERTIFICATE TO PROVIDE COMPETING LOCAL TELEPHONE SERVICE**

#### **PRE-FILED TESTIMONY OF FRANK McGOVERN**

I, Francis X McGovern, do hereby testify as follows in support of the applications of Quality Telephone, Inc. for Certificate of Convenience and Necessity as a competing Telecommunications service provider to provide telecommunications services throughout the State of Tennessee.

Q: Please state your full name, business address and position.

Francis X. McGovern  
301 North Market Street 4<sup>th</sup> Floor  
Dallas, Texas 75202

VP Marketing and Business Development

Q: Please Briefly describe your duties

I am responsible for expanding Quality Telephone, Inc. offering in to new geographic areas. Additionally, I am responsible for distribution, new products and advertising, plus other duties

Q: Please describe your business experience and educational background.

Educational Background: I have an undergraduate degree in Engineering from the University of Massachusetts. I have Master's degree in Engineering from the University of Texas. I have a Master's degree in Business Administration (MBA) from the University of Texas And I have complete a 3 year management program with General Electric.

Professional Experience: I have worked for two years for Raytheon Corporation as an engineer on the Patriot Missile. I have worked for 4 years for General Corporation in management roles in the Aerospace Group, Automotive Lighting group, the Power Generation Group, and International Operations. I have worked for GTE/Verizon for 7 years in Regulatory, Corporate Strategy, Mergers & Acquisitions, and New Product

Development I have work for 5 years the Quality Telephone, Inc as a founding member and in multiple roles including my current role.

Q: Are all statements in Quality Telephone, Inc.'s application true and correct to the best of you knowledge, information, and belief?

Yes, yes the statements are true and correct.

Q: Please describe the current corporate structure of Quality Telephone, Inc.

Quality Telephone, Inc. is an independent corporation based in Dallas, Texas and license to operate in 22 states.

Q: Does Quality Telephone, Inc. posses the requisite managerial, financial and technical abilities to provide the services for which it has applied for authority.

Yes. Quality has a strong management team, with strong financials and the depth of experience to provide telecommunications services in the state of Tennessee. The company has been providing telecommunications since 1998 and has proven successful at adding value for the customers in all aspect of operations.

Q: Please describe Quality Telephone, Inc.'s financial qualifications.

Quality Telephone, Inc. has significant financial resources available to ensure continuity of services in the state of Tennessee. The company operates on a cash flow positive model.

Additionally, the company will be operating using Resale and UNE-P, therefore avoiding capital expenditures to provide service

Q: Please describe Quality Telephone, Inc 's managerial and technical qualifications.

Quality Telephone, Inc has assemble a strong team of leaders and managers who are fully capable of providing telecom service in Tennessee. The company lead by the company's management team currently provide local exchange telecommunications and

Q: What services will Quality Telephone, Inc offer?

Quality Telephone, Inc will offer local exchange telecommunications services as well as optional vertical features such as Call Waiting and Caller ID. Quality Telephone, Inc will primarily focus on the residential market

Q: Will Quality Telephone, Inc offer service to all consumers within it service area?

Yes, Quality Telephone, Inc will offer service to all consumers in the service area.

Q: Does Quality Telephone, Inc plan to offer local exchange telecommunications service in areas served by any incumbent local exchange telephone company with fewer than 100,000 total access lines?

Quality Telephone will only offer services where Quality Telephone, Inc has a contract with the ILEC. Quality Telephone, Inc currently has active contracts with Bell South, Sprint, and Citizens in other states other than Tennessee. Quality Telephone, Inc will initially only seek contracts with Bell South, Sprint, and Citizens.

Q: Will the granting of a certificate of convenience and necessity to Quality Telephone, Inc serve the public interest?

Yes, the consumers of Tennessee will benefit from increased choices of product packaging and increased competition.

Q: Does Quality Telephone, Inc intend to comply with all TRA rules, statutes and orders pertaining to the provision of telecommunications services in Tennessee, including those for disconnection and reconnection of service?

Yes, Quality Telephone, Inc intend to comply with all TRA rules, statutes and orders pertaining to the provision of telecommunications services in Tennessee, including those for disconnection and reconnection of service.

Q: Has any state ever denied Quality Telephone, Inc or one of its affiliates authorization to provide intrastate service?

No. No state has ever denied Quality Telephone, Inc or one of its affiliates authorization to provide intrastate service.

Q: Has Quality Telephone, Inc or one of its affiliates ever been investigated or sanctioned by any regulatory authority for service or billing irregularities?

No. Neither, Quality Telephone, Inc nor any of its affiliates has been investigated or sanctioned by any regulatory authority for service or billing irregularities.

Q: Who is knowledgeable about Quality Telephone, Inc's operations and will serve as Quality Telephone, Inc's regulatory and customer service contact?

For Quality Telephone, Inc operations James Houghtalin will serve as the contact for regulatory and customer service.

James Houghtalin  
Executive Vice President  
301 N. Market #400  
Dallas, Texas 75202

972-546-9992 ext 602

972-546-9991 fax

JJH@Qtelephone.com

Q Please explain in detail Quality Telephone, Inc proposed procedures for responding to information requests from the TRA and its staff.

Quality Telephone, Inc will respond to all requested from the TRA fully and to the best of the company's abilities. The company will respond by emails, telephone calls, formal writing or any other method requested by the TRA. The company has worked with 22 state PUC's and has built professional working relationship with all PUCs as required.

Q. Does this conclude you testimony?


Yes.

I swear that the foregoing testimony is true and correct to the best of my knowledge.



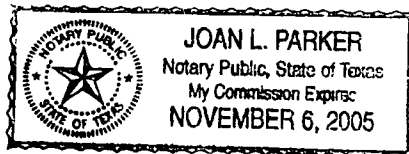
Frank McGovern  
Sr Manager  
Quality Telephone, Inc

Subscribed and sworn to me this 20 day of July, 2004.

  
Notary Public

State of Texas

Dallas County



My commission expires Nov 6, 2005

# Quality Telephone, Inc.

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## RATES AND RULES

Governing the Furnishing of Telephone Service

IN

The State of Tennessee

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Submitted February 13, 2003

To

Public Utility Commission  
The State of Tennessee

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- Telephone Services Defined
- Obligations to Furnish Service
- Equipment, Apparatus and Access Lines
- Installation, Relocation, Maintenance, Repairs & Removals
- Access to Premises of Subscriber
- Residence Service Classifications
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- Liability of Telephone Company
- Cancellation for Cause
- Telephone Numbers
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- Monthly Base Rates
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- Call Waiting
- Speed Dialing
- Touch-Tone
- Caller ID
- Activation Charges



# Quality Telephone, Inc.

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## RATES AND RULES

Governing the Furnishing of Telephone Service

IN

The State of Tennessee

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Submitted July 20, 2004

To

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GENERAL REGULATIONS  
SECTION I

TARIFF APPLICATION

This tariff governs the furnishing of telephone service by Qtel, Inc hereinafter referred to as the Telephone Company. The general regulations in this section of the tariff are supplemental to regulations contained in other sections of this tariff.

Qtel obtains service through the resale of basic local service provided by the Incumbent Local Exchange Carrier. Qtel will provide residential service.

TELEPHONE SERVICE DEFINED

The Telephone Company does not transmit messages but offers, subject to the terms and conditions specified in this tariff, the use of resold facilities, where available, for communication between subscribers. The term service as used throughout this tariff refers to service, equipment and facilities.

OBLIGATION TO FURNISH SERVICE

The Telephone Company's obligation to furnish service is dependent upon its ability to secure and retain, without unreasonable expense, suitable facilities and rights from the purchase of services from the existing Local Exchange Company.

EQUIPMENT, APPARATUS AND ACCESS LINES

All services provided by the Company or by the Customer must comply with the rules and regulations of the F C C.

INSTALLATION, RELOCATION, MAINTENANCE, REPAIRS & REMOVAL

The subscriber shall be responsible for damages to the facilities of the Telephone Company resulting from negligence or willful act of the subscriber.

The Telephone Company shall not be liable for any defacement of or damage to the premises of the subscriber resulting from the attachment of the Telephone Company's or supplier's equipment, apparatus or lines on such premises, or their installation or removal, when such damage is not the result of negligence of the Telephone Company.

ACCESS TO PREMISES OF SUBSCRIBER

For the purpose of installing, repairing, inspecting or removing any part of its equipment, apparatus or lines on the premises of the subscriber, the agents and employees of the Telephone Company or its agents shall have entrance thereto at any reasonable hour.

RESIDENCE SERVICE CLASSIFICATIONS

Residence rates apply in private residences where the service is used primarily or dominantly for social or domestic purposes.

## CONTRACTS FOR SERVICE

The Telephone Company reserves the right to require applications for service to be made in writing on forms supplied by it. Upon acceptance of an application for service, all applicable provisions of the Telephone Company's tariffs lawfully on file become the contract between the Telephone Company and the subscriber. Requests for additional service or changes in service, upon acceptance by the Telephone Company, become a part of the original contract, except that each item of additional service is subject to the appropriate minimum contract term. The acceptance or use of service may be deemed an application for such service and an agreement to pay for it at the rates applicable thereto under the current tariff. Any change in rate or regulations lawfully made acts as a modification of all contracts to that extent without further notice.

Except as otherwise provided in this tariff, service is furnished for a minimum contract term of three months.

## PAYMENT OF SERVICE

Installation, connection, service and construction charges, where applicable, must be paid in advance of the establishment of service.

Recurring charges for service are billed monthly, 20 day or more in advance and are upon the assigned due date. Charges for toll message service are billed after the service has been rendered and are payable on request.

Charges for all local and toll messages sent from the subscribers telephone station, and for all toll messages received at such station on which charges are reversed with the consent of the person answering the call, are the responsibility of the subscriber.

A statement of account rendered to the subscriber shall be deemed correct and binding upon the subscriber unless objections are made verbally to a Telephone Company Employee designated service representative or in writing is received by the Telephone Company within thirty days after rendition of the statement.

## SUSPENSION OF SERVICE

The Telephone Company reserves the right to suspend service for non-payment of bills, seven days after date due, or for violation of rules and regulations of this tariff, after due notice by the Telephone Company.

A written notification will be sent to the customer seven days prior to suspension. The notification wording will include the following language: "We value your business, however, your account is past due. Please ensure prompt payment of all past due balances. Failure to make payments may result in the suspension of service within 7 days of your due date. Your account may be permanently terminated 4 days after the suspension of the account."

The Telephone Company also reserves the right to suspend service, without notice, to facilities that have apparently been abandoned and to demand payment for such service up to and including date of suspension, provided it has not been notified by the subscriber to discontinue service prior thereto.

## TERMINATION OF SERVICE

The Telephone Company reserves the right to terminate service after 4 days of the suspension of an account.

## LIABILITY OF TELEPHONE COMPANY

In event interruptions, omissions, defects, errors, mistakes or delays in transmission occur in the course of furnishing service, lines and other facilities, and are not caused by negligence of the subscriber, the liability of the Telephone Company for damages arising therefrom shall not exceed an amount equivalent the proportionate charge to the subscriber for the period during which such interruption, omission, defect, error, mistake or delay in transmission occurs. Where a local message guarantee applies, a pro rata portion of the guarantee for the period of suspension is allowed. No other liability shall in any case attach to the Telephone Company.

## CANCELLATION FOR CAUSE

Service is furnished subject to the condition that it will not be used for an unlawful purpose. Service will not be furnished if any law enforcement agency, acting within its jurisdiction, advises that such service is being used or will be used in violation of law, or if the Telephone Company receives other evidence that such service is being or will be so used.

The Telephone Company may also terminate without advance notice any service which is used in such a manner as to interfere with the service of others or that is used for any purpose other than a means of communication.

## TELEPHONE NUMBERS

The Telephone Company reserves the right to change the telephone number or numbers of a subscriber's station or stations as the exigencies of the business may require.

## TOLL MESSAGE RATES

Rates, rules and regulations governing Toll, or Long Distance, messages are contained in the toll tariff of The Bell Telephone Company of Tennessee in which this company concurs.

## ALLOWANCES FOR TELEPHONE SERVICE INTERRUPTIONS

When main telephone service is interrupted for a period of at least 24 hours, the company, after due notice by the customer, shall apply the following schedule of allowances:

Refunds of 1/30 of the tariff monthly rate of all services and facilities furnished by the company rendered inoperative by the company to the extent of being useless for each of the 24 hour periods during which the interruption continues after notice by the customer of the company conditioned that the out-of-service extends beyond a minimum period of 24 hours.

The foregoing allowances shall not be applicable where service is interrupted by the negligence or willful act of the customer to service or where the company pursuant to the terms of the contract for service suspends or terminates service for non-payment of charges or for unlawful or improper use of facilities or for any other reason provided for in the filed and effective tariff.

LOCAL EXCHANGE SERVICE WITH NETWORK ACCESS  
SECTION 2

Local exchange service includes the central office equipment with either rotary dial or push button dialing capability, outside plant distribution wire and cable, drop wire and station protector. The rates listed below do not include any terminal equipment - telephones, ringers, couplers, or inside station wiring.

MONTHLY (BASE RATE)

Residence \$39.99

Qtel may change the monthly base rate during special promotions.

LOCAL SERVICE AREA

Definitions, rules and regulations governing local service areas are contained in the tariff of The Bell Telephone Company of Tennessee in which this company concurs.

SERVICE CONNECTION CHARGES  
SECTION 3

Service connection charges herein described, apply to all ordering installing, changing or substituting of telephone services offered by the Company and are non-recurring. The definition and application of these charges are as follows:

GENERAL

- (1) Basic Service Order Processing Charges apply on each customer order for all work or service ordered to be provided or changed, or reconnected at one time at the same location for the same customer. These charges cover work associated with receiving, establishing records and processing any service ordered to be completed or changed at any one time. This charge applies to all requests for service initiated by a customer.
- (2) Premise Visit Charge applies for any work, equipment of service ordered, changed or substituted by the customer which requires a premise visit by Company personnel for the purpose of installation, removing, reconnecting or changing equipment and facilities associated with service.

RATES

	Residence
Service Order	\$ 20 00
Access Line	4 00
Premise Visit	60 00
Restoration of Service	25 00

Qtel may waive these rates and charges during special promotions.

SERVICE MAINTENANCE VISIT CHARGE

A service maintenance visit charge applies when a service difficulty or trouble report requires a visit by the Telephone Company or agents to the customer's premises, at which customer-provided equipment or lines are connected to Telephone Company or agent facilities, and a determination is made that the difficulty or trouble is not the result of failure of Telephone Company or agent facilities.

The minimum charge for each service maintenance visit is \$60.00. Costs exceeding the minimum charge are the responsibility of, and will be billed to, the customer.

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MISCELLANEOUS SERVICE AND EQUIPMENT  
Section 4

DIRECTORY LISTINGS

All subscribers, including pay telephones, are entitled to one or more listings in the official alphabetical directory published by the Telephone Company

One residential listings will be furnished without charge

Additional listings are provided at \$5 00 per month. This charge will continue while the directory containing such listing is in effect. The charge will be terminated if the main station telephone service is terminated, upon death of listed party, listed party subscribes in his own name, or moves to a location where he is not accessible to the subscriber's station

NON-PUBLISHED NUMBERS

A telephone number is non-published when it is omitted from the directory and also from the information lists of the Telephone Company. Upon request and at a rate of \$5 00 per month, a subscriber may have a non-published number

SUSPENSION OF SERVICE AT SUBSCRIBERS REQUEST

Upon request from a residence subscriber, service will be suspended for a period of time of not less than one month for a \$25 00 one-time charge

PREFERRED TELEPHONE NUMBER

When initiating service, a customer may request a Preferred Telephone Number. If the number is available, a one time \$25 00 charge will be made

TELEPHONE NUMBER CHANGE

A customer who currently has service may request a telephone number change. A one time \$25 00 charges applies. In conjunction with the request for a number change, the customer may also request a preferred number. If the preferred number is available an additional \$25 00 charge will be made

RETURN CHECK SERVICE CHARGE

A \$35 00 service charge will be added to the customer's monthly bill for each check which has been returned for any reason by the customer's bank. The customer will be notified whenever this charge is applied

VOICE MAIL

Call Answering is an optional service, which allows incoming calls to a specific telephone number to be automatically answered, stored and retrieved. This service includes the Call Forwarding option. Call answering activates when the line is busy or when the customer doesn't answer. Call Answering is only available if the customer has touch tone service with \* and # buttons. Specific operating instructions will be provided to the customers who order Voice Mail service

Voice Mail - \$10 00 per month

### CALL FORWARDING - Busy Line & Don't Answer

Call Forwarding is an optional service which allows the customer to forward incoming calls to the customer's listed telephone number to a pre-selected telephone number

Busy Line Call Forwarding - to a pre-selected number if the line is busy - \$5 00 per month

### CALL FORWARDING - \*72 Activate - \*73 Cancel

Call Forwarding is an optional service which allows the customer to forward incoming calls to any number which the customer can dial directly. If Call Forwarding is activated to a distant number which involves a toll charge, the customer is responsible for all such toll charges. Specific operating instructions will be provided to customers who order Call Forwarding.

Call Forwarding - \$5 00 per month

### THREE-WAY CALLING

Three-Way Calling is an optional service which allows two parties to be called from the customer's telephone. The customer and the two parties may then carry on a three-way conversation simultaneously. Three-Way Calling is activated by the customer by dialing the first number, after the first number answers, the customer puts the first number on temporary hold by depressing the hook switch. The customer then dials the second number. After the second number answers, the customer depresses the hook switch the second time to connect all parties. The same procedure is used for an incoming call except the customer does not have to dial the first number.

Three-Way Calling - \$5 00 per month

### CALL WAITING

Call Waiting is an optional service. Customers who order this service can determine, while using the telephone on either an incoming or outgoing call, when a second call to the customer's telephone is made. This service allows the customer to hold the first call while disposing of the second call. The customer may temporarily initiate a Tone Block to de-activate Call Waiting prior to making or receiving a call by pushing \*70 or dialing 1170 after getting dial tone. Tone is reactivated after each use.

Call Waiting Service - \$5 00 per month

### SPEED DIALING

Speed Dialing is an optional service which allows the customer to program the line so that the customer can dial frequently called local or toll numbers by dialing only one digit. Customer will have 8 numbers.

Speed Dialing \*74 or 1174 - \$5 00 per month

### TOUCH-TONE

Touch-Tone is an optional service which allows the customer to place calls using tone pulsing. Touch Tone works with all telephones and telephone equipment, such as Modems and Fax machines.

Touch Tone - \$4 00 per month

### CALLER ID

Caller ID is an optional feature which allows a subscriber to see the telephone number of an incoming call displayed on the customer provided display unit. The telephone number of an incoming call will display.

between the first and second rings. Caller ID Service works only on calls which originate from and terminate in central offices which are equipped and have SS7 connectivity. Caller ID is available to customers by monthly subscription only, which provides unlimited use of this service.

The telephone numbers that will be displayed on a Caller ID subscriber's display unit include listed, non-list and non-published telephone numbers.

The telephone numbers that will not be displayed to the Caller ID subscriber are (1) calls from customers who use Per-Call Blocking or subscribe to Per-Line Blocking, (2) calls from customers located in central offices not a part of the SS7 Signaling System, and (3) calls placed through an operator. When these types of calls are received by a Caller ID subscriber, their display unit will notify them that the calling telephone number is unavailable.

In addition to the ability to see the telephone number of incoming calls, Caller ID Service provides a subscriber with the ability to reject calls from customers who have blocked the display of their telephone number on outgoing calls. This feature is called Anonymous Call Rejection (ACR) and can be activated by dialing \*77 (tone) or 1177 (rotary) and deactivated by dialing \*87 (tone) or 1187 (rotary). This feature is initially provided to the subscriber in the deactivated mode. The ACR will remain either on or off until the subscriber makes a change by dialing the special code. The Caller ID subscriber will hear a confirmation tone when the feature is activated or deactivated. When a Caller who has activated the Per-Call blocking or Per-Line blocking, calls a Caller ID subscriber that has activated ACR, the caller will hear an announcement that calls from blocking telephone numbers are not being accepted. The Caller ID subscriber's telephone does not ring. There is no additional charge for this feature. Blocked local or long distance calls routed to the Anonymous Call Rejection announcement will not be rated as completed calls.

#### CALLER ID PER-CALL BLOCKING

Per-Call Blocking is automatically available to all customers served by the Company. This blocking option allows the calling party to block the passage of their telephone number and name on outgoing calls. To activate Per-Call Blocking a special code is dialed prior to placing each call. When this blocking feature is activated by the calling party, and they place a call to a Caller ID subscriber, the subscriber's display unit will indicate that the incoming call has been blocked. There is no charge to activate Per-Call Blocking and the service is provided on an unlimited basis. Caller ID Per-Call Blocking does not prevent the delivery of telephone numbers to 911 emergency service providers.

#### CALLER ID PER-LINE BLOCKING

The calling party may prevent the display of their telephone number and name on a permanent basis by subscribing to Per-Line Blocking. This blocking option automatically prevents the display of the calling number and name of all calls placed for that line to a Caller ID subscriber, unless the feature is deactivated. If a subscriber of Per-Line Blocking chooses to deactivate blocking, the calling telephone number and name would be sent for that call only. After the call is completed, the line automatically reverts back to the Per-Line Blocking feature. The deactivation of Per-Line Blocking is completed by dialing a special code prior to placing each call.

The code to deactivate Per-Line Blocking is the same as the one used to activate Per-Call Blocking. Caller ID Per-Line Blocking will be available to all customers in the Company serving area.

The Per-Line Blocking option can only be added or removed from a customer's line by placing a service order with the Telephone Company. When this service is removed, the line is automatically converted to the Per-Call Blocking capability. Caller ID Per-Line Blocking does not prevent the delivery of telephone numbers to 911 emergency service providers.

Customers who use either Per-Call Blocking or Per-Line Blocking will be unable to complete calls to Caller ID and Deluxe Caller ID subscribers that have activated the Anonymous Call Rejection (ACR) feature. When a caller who has blocked the display of his/her number and name calls a Caller ID or Deluxe

Caller ID subscriber that has activated ACR, the caller will hear an announcement that the called party does not take anonymous calls. To complete a call to a Caller ID or Deluxe Caller ID subscriber that has activated ACR (1) place the call by unblocking the telephone number, or (2) place the call through an operator which may involve charges in addition to the cost of the call. The live operator surcharge will be waived for customers of Qtel who are victims of domestic violence, the staffs of domestic violence program agencies (when involved in domestic violence counseling) and emergency services personnel (while in the performance of their jobs). If the operator surcharge cannot be waived when the call is being placed, the Company will, upon notification, credit the live operator surcharge amount to the aforementioned party's telephone bill. Furthermore, should alternative methods become available in the future which permit the aforementioned to access the ACR party without revealing the caller's telephone number, the Company will waive any additional charges associated with such alternative methods.

Caller Id - \$10.00 per month per month

- Initial per line blocking is provided at no charge upon customer request. This nonrecurring charge would only apply for subsequent requests for Caller ID Blocking (Per Line) for the same customer at the same address. This nonrecurring charge will be waived for customers of Qtel, Inc. who are victims of domestic violence, the staffs of domestic violence program agencies (when involved in domestic violence counseling) and emergency services personnel (while in the performance of their jobs).

#### ACTIVATIONS CHARGES

An activation fee of \$5.00 will apply when adding a new custom feature to an existing service, unless a specific activation charge is listed in the corresponding tariff. When optional services are included with new basic service the prevailing installation charges plus the activation fee will apply. Qtel may waive the activation charge during special promotions.